



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

Date: 8/15/2008

GAIN Report Number: CO8011

Colombia

Agricultural Situation

Colombian Transporters Strike

2008

Approved by:

R.Todd Drennan
U.S. Embassy

Prepared by:

Leonardo Pinzón

Report Highlights:

On August 1, transporters began a strike which is affecting both imports and exports in Colombia. Port storage capacity is nearly at capacity and feed industry inventories are at historical lows. Although a partial agreement has been reached on Aug 14, one main point involving freight rates remains unresolved and the strike continues.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Bogota [CO1]
[CO]

Colombian Truckers Go On Strike

On August 1, 2008, Colombian truckers went on strike, effectively creating a slowdown in Colombia's day-to-day economic activities. According to Colombia's Ministry of Commerce, the strike is to blame for a \$57 million daily loss in exports and \$103 million in imports. An estimated 500,000 tons of imported products are stuck at the ports. While the government is taking steps to resolve the problem, many Colombian manufacturers report the situation will become critical in the week if the strike continues.

The trucking industry, led by the transportation association, reported several demands, but the most important issue and the most difficult to negotiate regards freight rates. These government-imposed rates are not being respected, since an overabundance of transporters in Colombia has motivated independent truckers to compete by offering cheaper rates to the industry. Negotiations are now being handled through the Colombian Sixth Commission of the Congress, with assistance from the ministry of transportation.

There is not a final agreement yet, but three out of four points in the discussion have been already agreed upon: 1) to expedite the procedure to get rid of old trucks, 2) to implement an electronic tracking system on freight information, and 3) the creation of a special financing line for truck purchases and debts via the Colombian bank Bancoldex. The fourth point that has not been agreed upon is related to freight rates. Although industry has agreed to respect the freight rate table, the transporters have a problem with a paragraph of a decree issued by the government which states long-term transporting contracts (signed before the freight rate table was established) must be respected at the rate in which they were set.

Impact on Grain Imports

The strike has affected both exports and imports from the four major Colombian ports. Since the flow of inputs to the production areas is at a halt, producers are lacking everything from agricultural chemicals and fertilizers to animal feed. The strike is also affecting the internal flow of goods from production areas to distribution channels.

The feed industry in Colombia had working inventories to cover approximately one month of their needs. However, since the commencement of the strike on August 1, working inventories are nearly used up, and according to industry representatives, stock levels of soybean meal, yellow corn and other inputs for the feed industry are at historical lows. Feed, poultry, and swine producers in particular are affected by the strike and are concerned about their ability to maintain current production levels if the two parties cannot come to an agreement.

Grain imports have nearly maxed out storage capacity at ports, in particular at the port of Buenaventura, while shipments continue to arrive. The total storage capacity in Colombian ports for bulk grains is calculated at 515,000 tons, and importers say that 90 percent of that capacity is already being used (see chart on page 3). According to the Colombian feed industry, working inventories are rapidly declining and a shutdown in production may occur in some plants if the supply of feed ingredients is not replenished within the next week.

The impact on agricultural production and agricultural commodity prices is yet to be seen. It is uncertain exactly when the price increase will occur at the retail level. The exact increase will depend on how fast it takes truck transportation to return to normal. An initial increase in prices will occur in 2-3 weeks as premium trucking rates are paid to rapidly unload the maxed out facilities.

In Colombia, 81 percent of total freight is transported by truck, so imports, exports and local production are dependent on the trucking industry, making it a critical element for the economy to function normally.

| Colombian Imports of Grains and Grain Products by Port of entry - 2007 (Metric tons) | | | | | | |
|---|----------------------|----------------------|----------------------|--------------------|----------------------|--------------|
| | Buenaventura | Barranquilla | Santa Marta | Cartagena | Total | Share |
| YELLOW CORN | 1,322,335.665 | 778,079.861 | 820,851.480 | 241,713.542 | 3,162,980.548 | 50.8% |
| WHEAT IN BULK | 761,491.984 | 321,438.616 | 108,149.319 | 72,980.884 | 1,264,060.803 | 20.3% |
| SOYBEAN MEAL | 461,151.761 | 206,399.012 | 144,544.923 | 13,180.187 | 825,275.883 | 13.3% |
| SOYBEANS | 155,823.696 | 62,283.654 | 68,577.340 | 1,098.476 | 287,783.166 | 4.6% |
| BARLEY | 6,712.800 | 0.000 | 2,789.477 | 189,550.288 | 199,052.565 | 3.2% |
| GLUTEN CORN | 52,288.032 | 53,719.443 | 22,144.705 | 8,441.995 | 136,594.175 | 2.2% |
| WHITE CORN | 65,786.443 | 38,352.553 | 0.000 | 0.000 | 104,138.996 | 1.7% |
| OTHERS | 187,448.536 | 11,297.461 | 13,360.619 | 30,142.701 | 242,249.317 | 3.9% |
| TOTAL | 3,013,038.917 | 1,471,570.600 | 1,180,417.863 | 557,108.073 | 6,222,135.453 | |
| SHARE | 48.4% | 23.7% | 19.0% | 9.0% | 100.0% | |
| Estimated Storage Capacity at Port | 250,000 | 110,000 | 100,000 | 55,000 | 515,000 | |